

24 MAY 1993

CHAPTER VIII

INSURANCE

<u>Paragraph</u>	<u>Page</u>
801. LIABILITY AND HULL INSURANCE	8-3
802. INSURANCE COVERAGE	8-3
803. PREMIUMS	8-3
804. TYPES OF INSURANCE COVERAGE PROVIDED	8-4
805. ENTITIES COVERED BY AVIATION INSURANCE	8-4
806. PROPERTY COVERAGE CONDITIONS	8-5
807. PROMOTIONAL PROGRAMS	8-5
808. FLIGHTS TO MEXICO	8-5
809. REPORTING OF CLAIMS AND LOSSES	8-5
810. REQUESTS FOR CLARIFICATION OF INSURANCE COVERAGE	8-6

Enclosure (1)

24 MAY 1993

INSURANCE

801. Liability and Hull Insurance. Aviation liability and hull insurance for all Navy Flying Clubs is provided by a single insurance policy which is centrally procured by the Head, Nonappropriated Fund Personnel and Insurance Branch (Pers-653). All aircraft in the Navy Flying Club inventory shall be covered by the central insurance policy. Aircraft not affiliated with a Navy Flying Club may not be included for coverage under this policy.

802. Insurance Coverage. Coverage is defined as being for the "Non-Commercial" operations of all Navy Flying Clubs. Coverage applies to the pleasure, business, and instructional uses of those aircraft in the Navy Flying Club Program's inventory. It permits reimbursement for operating expense but excludes any operation for hire or reward.

803. Premiums. The Hull or Aircraft Physical Damage coverage premium is determined by the declared property values of all aircraft in an individual club's inventory. The liability coverage premium is determined by the total number of passenger seats (excluding the pilot seat) for all the aircraft in each individual club's inventory.

a. A premium rate is established for both hull and liability and this rate is then multiplied by either the number of seats or the total value of all aircraft to determine the premium. Each aircraft is charged only for the period of time that it is in an individual club's inventory (as determined by its declared value, using current "Blue Book" retail values and the number of passenger seats during that period). Similarly, if the declared aircraft value changes, the premium is prorated on a daily basis to reflect the change in the value of the aircraft.

b. It is mandatory that all clubs advise CHNAVPERS (Pers-653) and the insurance broker of all aircraft additions, deletions, and changes in value at the earliest practical date. Accordingly, CHNAVPERS (Pers-653) will in turn report this information to the aviation insurance broker and the insurance company so that no gaps in coverage occur.

c. Premiums are billed quarterly and are due and payable upon receipt of billings. The cost of the aviation insurance coverage is borne by the individual Navy Flying Clubs proportionate to the size of each club's aircraft inventory.

24 MAY 1993

d. When writing lease agreements, the lease agreements shall include terms which allow for the cancellation of the lease if the aircraft becomes non-operational for an extended period of time.

804. Types of Insurance Coverage Provided

a. Liability. Liability coverage provides protection to a single limit of \$25 million for the death, or bodily injury to others, as well as damage to the property of others. "Others" is defined for coverage to mean those persons on the ground as well as passengers on board Navy Flying club aircraft.

b. Hull. Hull or Aircraft Physical Damage coverage provides protection for the aircraft hulls, up to the declared value of each aircraft. The hull value for each non-government owned aircraft will be at least 85 percent of current retail blue book value. Further, values should be reviewed periodically for correctness.

c. Emergency Medical. Emergency Medical costs are covered relating to a covered accident or mishap, up to \$5,000 for each passenger, pilot and crew member within 1 year from the date of a covered accident. Specifics are available from CHNAVPERS (Pers-653).

805. Entities Covered by Aviation Insurance. The following named insured are covered by the insurance mentioned in paragraph 804:

a. The United States of America and all agencies thereof.

b. All Navy Flying Clubs and their individual members.

c. Those certified flight instructors and maintenance personnel (A&P mechanics), retained as independent contractors of the Navy Flying Club Program, but only with respect to operations by or on behalf of the Navy Flying Club.

d. All employees and bona fide volunteers of a Navy Flying Club while acting within the scope of their duties.

e. All registered owners of aircraft leased to a Navy Flying Club.

24 MAY 1993

f. All recorded lienholders of aircraft are covered for their financial interest in aircraft which are either owned by or leased to a Navy Flying Club.

806. Property Coverage Conditions

a. The current deductible which applies to all Physical Damage claims is \$1,000. This is to be borne by the individual Navy Flying Club. This deductible applies to claims for only those that have been damaged and are repairable (partial loss).

b. If an aircraft is totally destroyed due to an accident or incident, the hull or physical damage insurance coverage and the liability insurance coverage for that aircraft terminates effective the day after the accident/incident.

c. If an aircraft has sustained damage resulting in a partial loss and an insurance claim is filed and subsequently paid, then both hull/physical damage and liability coverage will remain in effect. Accordingly, premiums for these coverages will continue to be charged.

807. Promotional Programs. Caution must be exercised in the conduct of promotional events. In conjunction with an "Open House" event in support of the Navy Flying Club, promotional rides may be provided to prospective new members. Donations to the club or a one-time charge representing a per person fee to defray aircraft operating expenses related to only the introductory flight may be levied. If a prospective member is allowed to take control of the aircraft, a Certified Flight Instructor must conduct the introductory flight. Prospective members should complete a Covenant Not to Sue, (appendix F) before taking their introductory flight.

808. Flights to Mexico. Flights to Mexico or accidents/incidents while in Mexico may result in the pilot/crew being jailed and/or the aircraft being impounded unless additional aviation insurance is written by a Mexican insurance company. This special insurance coverage must be verified and documented by CHNAVPERS (Pers-653) prior to departure from the U.S. Suitable insurance may be obtained with the help of CHNAVPERS (Pers-653). The cost of this additional insurance will be borne by the user flying club.

809. Reporting of Claims and Losses. Accidents and incidents that result in claims shall be reported as soon as possible to the Navy Flying Club Program Manager (Pers-656) or the NAF Insurance point of contact (Pers-653) and followed up with an

24 MAY 1993

"Unusual Occurrence Report" per chapter 9 of this instruction. The Club reporting official will be advised what information will be needed by the aviation insurance company to begin adjusting and processing any claims.

a. If the program manager or the NAF Insurance point of contact cannot be reached, the Navy Flying Club reporting official should contact either the Aviation Insurance Broker or the Aviation Insurance Company Claims Manager to report the accident/incident.

b. Any person expressing a desire to file a claim against an individual Navy Flying Club or against any other entity which appears to arise out of the operations of that Navy Flying Club, must be referred to the Aviation Insurance Company's Claims Department as soon as possible. Club officials, members, and employees should NOT discuss claim matters with potential claimants or their attorney(s) except to refer them to the Aviation Insurance Company Claims Manager.

810. Requests for Clarification of Insurance Coverage. For Navy Flying Clubs, this request will be addressed to CHNAVPERS (Pers-653) and should outline completely and specifically the situation using factual data whenever possible.